

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER			
	CURRENT YEAR	PRECEDING YEAR CORRESPONDING QUARTER	INCREASE/ (DECREASE)	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	INCREASE/ (DECREASE)	
	NOTE	QUARTER 30/09/2019		QUARTER 30/09/2018	TO DATE 30/09/2019		PERIOD 30/09/2018
	RM'000	RM'000 (RESTATED)	%	RM'000	RM'000 (RESTATED)	%	
REVENUE		1,226,494	1,416,121	(13%)	3,427,281	3,957,788	(13%)
OPERATING EXPENSES		(1,066,582)	(1,289,280)	(17%)	(3,079,210)	(3,612,310)	(15%)
OTHER OPERATING INCOME		14,280	23,184	(38%)	111,159	98,417	13%
PROFIT FROM OPERATIONS		174,192	150,025	16%	459,230	443,895	3%
FINANCE INCOME		67,044	73,373	(9%)	216,357	197,589	9%
FINANCE COSTS		(65,974)	(74,162)	(11%)	(193,674)	(216,173)	(10%)
SHARE OF PROFIT FROM ASSOCIATES		37,424	29,858	25%	138,302	142,327	(3%)
SHARE OF PROFIT FROM JOINT VENTURES		10,631	11,802	(10%)	33,609	25,441	32%
PROFIT BEFORE TAX		223,317	190,896	17%	653,824	593,079	10%
INCOME TAX EXPENSE	B5	(21,058)	(26,979)	(22%)	(36,977)	(75,949)	(51%)
PROFIT FOR THE PERIOD		202,259	163,917	23%	616,847	517,130	19%
ATTRIBUTABLE TO:							
- OWNERS OF THE PARENT		183,418	144,919	27%	566,321	464,271	22%
- NON-CONTROLLING INTERESTS		18,841	18,998	(1%)	50,526	52,859	(4%)
		202,259	163,917	23%	616,847	517,130	19%
EARNINGS PER SHARE							
(i) BASIC ( sen )		3.43	2.98	15%	10.90	9.52	14%
(ii) DILUTED ( sen )		3.43	2.98	15%	10.90	9.51	15%

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements. )

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2019	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2018	CURRENT YEAR TO DATE 30/09/2019	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2018
	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
PROFIT FOR THE PERIOD	202,259	163,917	616,847	517,130
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(19,254)	(5,191)	(8,505)	(62,437)
REVALUATION OF OTHER INVESTMENT	-	-	37,045	-
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	3,451	-
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	(4,517)	(37,723)	14,068	(41,436)
- AMOUNT RECYCLED TO PROFIT OR LOSS	4,469	35,274	(12,145)	39,296
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	(19,302)	(7,640)	33,914	(64,577)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	182,957	156,277	650,761	452,553
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	164,372	136,257	600,552	399,093
- NON-CONTROLLING INTERESTS	18,585	20,020	50,209	53,460
	182,957	156,277	650,761	452,553

( The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

## FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/09/2019	IMMEDIATE PRECEDING QUARTER 30/6/2019	INCREASE/ (DECREASE)
	RM'000	RM'000	%
REVENUE	1,226,494	1,077,178	14%
OPERATING EXPENSES	(1,066,582)	(980,272)	9%
OTHER OPERATING INCOME	14,280	70,369	(80%)
PROFIT FROM OPERATIONS	<u>174,192</u>	<u>167,275</u>	4%
FINANCE INCOME	67,044	70,592	(5%)
FINANCE COSTS	(65,974)	(66,771)	(1%)
SHARE OF PROFIT FROM ASSOCIATES	37,424	70,430	(47%)
SHARE OF PROFIT FROM JOINT VENTURES	10,631	11,715	(9%)
PROFIT BEFORE TAX	<u>223,317</u>	<u>253,241</u>	(12%)
INCOME TAX EXPENSE	(21,058)	9,401	(324%)
PROFIT FOR THE PERIOD	<u>202,259</u>	<u>262,642</u>	(23%)
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	183,418	246,491	(26%)
- NON-CONTROLLING INTERESTS	18,841	16,151	17%
	<u>202,259</u>	<u>262,642</u>	(23%)
EARNINGS PER SHARE			
(i) BASIC ( sen )	<u>3.43</u>	<u>4.72</u>	(27%)
(ii) DILUTED ( sen )	<u>3.43</u>	<u>4.72</u>	(27%)

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements. )

## FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/09/2019 RM'000	IMMEDIATE PRECEDING QUARTER 30/6/2019 RM'000
PROFIT FOR THE PERIOD	202,259	262,642
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(19,254)	8,759
REVALUATION OF OTHER INVESTMENT	-	(7,720)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS		
- FAIR VALUE OF DERIVATIVES	(4,517)	(3,085)
- AMOUNT RECYCLED TO PROFIT OR LOSS	4,469	(1,469)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>(19,302)</u>	<u>(3,515)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>182,957</u>	<u>259,127</u>
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	164,372	242,760
- NON-CONTROLLING INTERESTS	<u>18,585</u>	<u>16,367</u>
	<u>182,957</u>	<u>259,127</u>

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements. )

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	AS AT END OF	AS AT PRECEDING	
	CURRENT QUARTER	FINANCIAL PERIOD END	
	30/09/2019	31/12/2018	1/1/2018
	RM'000	RM'000	RM'000
		(RESTATED)	(RESTATED)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2,004,427	1,856,860	1,522,895
Right of use assets	716,252	770,003	724,635
Intangible assets	16,973	17,748	15,333
Investment properties	2,020,029	1,942,744	2,066,760
Inventories	1,745,489	1,671,311	1,682,127
Investment in associates	2,106,707	2,084,029	1,886,876
Investment in joint ventures	1,565,608	1,306,632	1,741,727
Goodwill	313,893	313,893	311,814
Deferred tax assets	101,753	118,922	109,814
Receivables	2,312,225	1,916,715	1,304,832
Derivative assets	-	-	34,181
Rock reserves	5,673	5,868	6,131
Other investments	5,934	122,397	813
Biological assets	103	234	616
	<u>12,915,066</u>	<u>12,127,356</u>	<u>11,408,554</u>
<b>Current assets</b>			
Contract assets	113,802	100,765	104,660
Inventories	1,886,241	1,857,935	1,788,430
Receivables, deposits & prepayments	2,033,991	1,946,459	2,098,815
Cash and bank balances, and placement in funds	6,035,892	5,136,032	4,418,604
Tax recoverable	58,291	68,792	57,474
Derivative assets	6,154	64,629	68,378
	<u>10,134,371</u>	<u>9,174,612</u>	<u>8,536,361</u>
Assets of disposal group classified as held for sale	-	486,128	294,283
<b>TOTAL ASSETS</b>	<u>23,049,437</u>	<u>21,788,096</u>	<u>20,239,198</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Payables, accruals & other current liabilities	2,423,236	2,671,307	2,711,626
Contract liabilities	26,757	33,772	34,669
Bank borrowings	7,229,572	6,337,460	4,911,049
Lease liabilities	65,069	68,474	55,129
Taxation	38,485	33,555	26,662
Derivative liabilities	5,218	17,227	48,315
	<u>9,788,337</u>	<u>9,161,795</u>	<u>7,787,450</u>
<b>Non-current liabilities</b>			
Long term bank borrowings	2,021,349	2,535,754	2,868,344
Lease liabilities	775,853	821,200	776,154
Other long term liabilities	201,412	128,993	258,013
Derivative liabilities	15	36	4,496
Deferred taxation	129,601	146,907	121,331
	<u>3,128,230</u>	<u>3,632,890</u>	<u>4,028,338</u>
<b>Total liabilities</b>	<u>12,916,567</u>	<u>12,794,685</u>	<u>11,815,788</u>
<b>Equity attributable to Owners of the Parent</b>			
Share capital	5,393,648	5,379,437	5,370,606
Treasury shares	(121,426)	(140,299)	(63,817)
Reserves	3,104,313	2,735,185	2,495,658
	<u>8,376,535</u>	<u>7,974,323</u>	<u>7,802,447</u>
<b>PERPETUAL SUKUK</b>	1,150,000	400,000	-
<b>NON-CONTROLLING INTERESTS</b>	606,335	619,088	620,963
<b>Total equity</b>	<u>10,132,870</u>	<u>8,993,411</u>	<u>8,423,410</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>23,049,437</u>	<u>21,788,096</u>	<u>20,239,198</u>
<b>Number of ordinary shares ('000)</b>	<b>4,933,921</b>	<b>4,924,402</b>	<b>4,918,491</b>
<b>The Parent (RM)</b>	<b>1.70</b>	<b>1.62</b>	<b>1.59</b>

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD ( Company No : 201001037627 (921551-D) )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	ATTRIBUTABLE TO OWNERS OF THE PARENT									TOTAL EQUITY ATTRIBUTABLE TO OWNERS				
	NON-DISTRIBUTABLE			DISTRIBUTABLE						TOTAL RESERVES	OF THE PARENT	PERPETUAL SUKUK	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	RESERVES	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	OTHER RESERVES					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>PERIOD ENDED 30 SEPTEMBER 2019</b>														
At 1 January 2019	5,379,437	(140,299)	(1,192,040)	130,421	7,632	(17,681)	16,233	182,306	3,708,354	2,835,225	8,074,363	400,000	619,826	9,094,189
Effects of adopting MFRS 16	-	-	-	-	-	-	-	-	(100,040)	(100,040)	(100,040)	-	(738)	(100,778)
At 1 January 2019	5,379,437	(140,299)	(1,192,040)	130,421	7,632	(17,681)	16,233	182,306	3,608,314	2,735,185	7,974,323	400,000	619,088	8,993,411
Profit for the year	-	-	-	-	-	-	-	-	566,321	566,321	566,321	-	50,526	616,847
Other comprehensive income	-	-	-	(8,427)	-	1,923	-	40,735	-	34,231	34,231	-	(317)	33,914
Total comprehensive income	-	-	-	(8,427)	-	1,923	-	40,735	566,321	600,552	600,552	-	50,209	650,761
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	750,000	-	750,000
Issuance of ordinary shares pursuant to - exercise of ESOS	14,211	-	-	-	(2,857)	-	-	-	-	(2,857)	11,354	-	-	11,354
Share buy back by a subsidiary	-	-	-	-	-	-	-	-	(2,357)	(2,357)	(2,357)	-	(3,337)	(5,694)
Purchase of treasury shares during the year	-	(73,038)	-	-	-	-	-	-	-	-	(73,038)	-	-	(73,038)
Dividends declared	-	91,911	-	-	-	-	-	-	(188,790)	(188,790)	(96,879)	-	-	(96,879)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(53,788)	(53,788)
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	(500)	(500)	(500)	-	1,734	1,234
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	1,165	1,165	1,165	-	(7,678)	(6,513)
Transfer to statutory reserve	-	-	-	-	-	-	-	562	(683)	(121)	(121)	-	121	-
Transfer to furniture & fittings reserve	-	-	-	-	-	-	3,730	-	(3,716)	14	14	-	(14)	-
Distribution paid to holders of perpetual sukuk	-	-	-	-	-	-	-	-	(37,978)	(37,978)	(37,978)	-	-	(37,978)
Effect of disposal of other investment fair valued through other comprehensive income	-	-	-	-	-	-	-	(28,139)	28,139	-	-	-	-	-
At 30 September 2019	5,393,648	(121,426)	(1,192,040)	121,994	4,775	(15,758)	19,963	195,464	3,969,915	3,104,313	8,376,535	1,150,000	606,335	10,132,870
<b>PERIOD ENDED 30 SEPTEMBER 2018</b>														
At 1 January 2018	5,370,606	(63,817)	(1,192,040)	200,176	10,596	(17,854)	12,536	190,873	3,379,642	2,583,929	7,890,718	-	621,526	8,512,244
Effects of adopting MFRS 16	-	-	-	-	-	-	-	-	(88,271)	(88,271)	(88,271)	-	(563)	(88,834)
At 1 January 2018	5,370,606	(63,817)	(1,192,040)	200,176	10,596	(17,854)	12,536	190,873	3,291,371	2,495,658	7,802,447	-	620,963	8,423,410
Profit for the year	-	-	-	-	-	-	-	-	464,271	464,271	464,271	-	52,859	517,130
Other comprehensive income	-	-	-	(63,038)	-	(2,140)	-	-	-	(65,178)	(65,178)	-	601	(64,577)
Total comprehensive income	-	-	-	(63,038)	-	(2,140)	-	-	464,271	399,093	399,093	-	53,460	452,553
Issuance of ordinary shares pursuant to - exercise of ESOS	8,737	-	-	-	(1,874)	-	-	-	-	(1,874)	6,863	-	-	6,863
- exercise of warrants	3	-	-	-	-	-	-	-	-	-	3	-	-	3
Purchase of treasury shares during the year	-	(64,829)	-	-	-	-	-	-	-	-	(64,829)	-	-	(64,829)
Dividends declared	-	-	-	-	-	-	-	-	(146,367)	(146,367)	(146,367)	-	-	(146,367)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(60,968)	(60,968)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	534	534	534	-	(7,588)	(7,054)
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	200,000	-	200,000
Transfer to statutory reserve	-	-	-	-	-	-	-	355	(351)	4	4	-	(4)	-
Transfer to furniture & fittings reserve	-	-	-	-	-	-	140	-	(140)	-	-	-	-	-
At 30 September 2018	5,379,346	(128,646)	(1,192,040)	137,138	8,722	(19,994)	12,676	191,228	3,609,318	2,747,048	7,997,748	200,000	605,863	8,803,611

A Represents 202 warrants amounting to RM376.

( The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	FOR THE 9 MONTHS PERIOD ENDED 30/09/2019 RM'000	FOR THE 9 MONTHS PERIOD ENDED 30/09/2018 RM'000 (RESTATED)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	653,824	593,079
Adjustments for:		
- non-cash items	(56,932)	12,846
- finance costs	193,674	216,173
- finance income	(216,357)	(197,589)
Operating cash flows before working capital changes	574,209	624,509
Changes in working capital	(335,820)	(218,074)
Cash flow generated from operations	238,389	406,435
Interest received	216,357	177,661
Dividend received from joint ventures, associates and other investments	110,104	95,107
Tax refunded	15,743	6,083
Tax paid	(37,270)	(61,730)
Net cash flow generated from operating activities	543,323	623,556
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment, and biological assets	27,374	9,090
Proceeds from disposal of non-current assets held for sale	495,692	306,000
Proceeds from disposal of joint venture	-	119,075
Proceeds on liquidation of subsidiary	7	-
Proceeds from disposal of shares to non-controlling interest	1,234	-
Proceeds from disposal of other investments	162,114	-
Acquisition of land	(86,874)	(255,220)
Acquisition of property, plant and equipment, and biological assets	(252,072)	(375,838)
Acquisition of intangible assets	(5,355)	(8,369)
Acquisition of subsidiaries	(57,055)	-
Acquisition of other investment	(8,634)	(76,272)
Acquisition and subsequent expenditure of investment properties	(77,060)	(30,328)
Acquisition of equity interest from non-controlling interest	(6,518)	(7,022)
Investment in joint ventures	(4,233)	(51,805)
Investment in associates	(200)	(81,826)
Advances to associates and joint ventures	(267,523)	(210,567)
Repayment of/advances to quasi loan advances from joint venture	(250,705)	452,585
Net cash generated used in investing activities	(329,808)	(210,497)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank borrowings	432,280	750,060
Net lease liabilities	(44,139)	(46,079)
Issue of ordinary shares pursuant to exercise of warrants	-	3
Interest paid	(193,674)	(196,245)
Proceeds from issue of shares from exercise of ESOS	11,354	6,863
Shares buyback	(78,733)	(64,829)
Dividend paid to shareholders	(96,879)	(146,367)
Dividend paid to non-controlling interests of subsidiaries	(53,788)	(60,968)
Repayment from non-controlling interests of subsidiaries	1,214	2,000
Issuance of perpetual bonds	750,000	200,000
Distribution paid to holders of perpetual sukuk	(37,978)	(6,208)
Net cash generated from financing activities	689,657	438,230
NET INCREASE IN CASH AND CASH EQUIVALENTS	903,172	851,289
EFFECTS OF EXCHANGE RATE CHANGES	(1,360)	(7,034)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,507,883	2,243,130
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	3,409,695	3,087,385
Bank overdrafts	99,493	144,771
Short-term investments	2,526,704	2,047,997
Cash and bank balances, and placement in funds	6,035,892	5,280,153

(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

## NOTES TO FINANCIAL STATEMENTS

### A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the financial period ending 30 September 2019.

The interim financial report is unaudited and is prepared in accordance with MFRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2018 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 January 2019, as disclosed below:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement

The adoption of the above pronouncements does not have any significant impact to the Group except for the following:

#### MFRS 16 - Leases

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

Right-of-use assets comprise premises and equipment. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.

Lease liabilities arising from the premises and equipment are recognised and discounted using the weighted average incremental borrowing rate of the Group of 5.41% - 5.71%. Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

#### Prior year restatements

The Group has reclassified its investments in Sunway Velocity Mall Sdn. Bhd. and Sunway Velocity Hotel Sdn. Bhd. from investments in subsidiaries to investments in joint ventures following an assessment during the financial year that the Group does not control these companies as there are matters relating to operations that required joint decisions by the relevant shareholders.

Consequently, the Group has deconsolidated these two entities, equity accounted and adjusted amounts previously reported in the financial statements.



## (i) Reconciliation of profit of loss

	Individual quarter ended 30 September 2018				Cumulative quarter ended 30 September 2018			
	As previously stated	Prior year restatements	Effects of MFRS 16	Restated	As previously stated	Prior year restatements	Effects of MFRS 16	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,444,573	(28,452)	-	1,416,121	4,040,083	(82,295)	-	3,957,788
Operating expenses	(1,308,363)	10,219	8,864	(1,289,280)	(3,683,576)	44,696	26,570	(3,612,310)
Other operating income	23,516	(332)	-	23,184	99,258	(841)	-	98,417
Profit from operations	159,726	(18,565)	8,864	150,025	455,765	(38,440)	26,570	443,895
Finance income	66,520	6,853	-	73,373	177,714	19,875	-	197,589
Finance cost	(69,959)	7,942	(12,145)	(74,162)	(201,576)	21,675	(36,272)	(216,173)
Share of profit from associates	29,858	-	-	29,858	142,327	-	-	142,327
Share of profit from joint ventures	7,808	3,994	-	11,802	22,831	2,610	-	25,441
Profit before tax	193,953	224	(3,281)	190,896	597,061	5,720	(9,702)	593,079
Income tax expense	(27,056)	-	77	(26,979)	(76,912)	-	963	(75,949)
Profit after tax	166,897	224	(3,204)	163,917	520,149	5,720	(8,739)	517,130
Attributable to:								
- Owners of the parent	145,308	2,773	(3,162)	144,919	466,669	6,208	(8,606)	464,271
- Non-controlling interests	21,589	(2,549)	(42)	18,998	53,480	(488)	(133)	52,859
	166,897	224	(3,204)	163,917	520,149	5,720	(8,739)	517,130
Earnings per share:								
- Basic	2.99			2.98	9.57			9.52
- Diluted	2.99			2.98	9.56			9.51

## (ii) Reconciliation of comprehensive income

	Individual quarter ended 30 September 2018				Cumulative quarter ended 30 September 2018			
	As previously stated	Prior year restatements	Effects of MFRS 16	Restated	As previously stated	Prior year restatements	Effects of MFRS 16	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	166,897	224	(3,204)	163,917	520,149	5,720	(8,739)	517,130
Foreign currency translation differences for foreign operation	(5,191)	-	-	(5,191)	(62,437)	-	-	(62,437)
Cash flow hedge reserve- fair value gains								
- Fair value of derivatives	(37,723)	-	-	(37,723)	(41,436)	-	-	(41,436)
- Amount recycled to profit or loss	35,274	-	-	35,274	39,296	-	-	39,296
Other comprehensive income to be reclassified to profit and loss in subsequent periods	(7,640)	-	-	(7,640)	(64,577)	-	-	(64,577)
Total comprehensive income for the period	159,257	224	(3,204)	156,277	455,572	5,720	(8,739)	452,553
Attributable to:								
- Owners of the parent	136,646	2,773	(3,162)	136,257	401,491	6,208	(8,606)	399,093
- Non-controlling interests	22,611	(2,549)	(42)	20,020	54,081	(488)	(133)	53,460
	159,257	224	(3,204)	156,277	455,572	5,720	(8,739)	452,553

## (iii) Reconciliation of financial position and equity

	As at 1 January 2018			As at 31 December 2018		
	As previously stated	Effects of MFRS 16	Restated	As previously stated	Effects of MFRS 16	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>						
Right of use assets	-	724,635	724,635	-	770,003	770,003
Deferred tax assets	100,828	8,986	109,814	108,896	10,026	118,922
Other non-current assets	10,574,105	-	10,574,105	11,238,431	-	11,238,431
	10,674,933	733,621	11,408,554	11,347,327	780,029	12,127,356
<b>Current assets</b>	8,536,361	-	8,536,361	9,174,612	-	9,174,612
Assets of disposal group classified as held for sale	294,283	-	294,283	486,128	-	486,128
<b>TOTAL ASSETS</b>	19,505,577	733,621	20,239,198	21,008,067	780,029	21,788,096
<b>Current liabilities</b>						
Payables, accruals & other current liabilities	2,720,454	(8,828)	2,711,626	2,680,174	(8,867)	2,671,307
Lease liabilities	-	55,129	55,129	-	68,474	68,474
Other current liabilities	5,020,695	-	5,020,695	6,422,014	-	6,422,014
	7,741,149	46,301	7,787,450	9,102,188	59,607	9,161,795
<b>Non-current liabilities</b>						
Lease liabilities	-	776,154	776,154	-	821,200	821,200
Other non-current liabilities	3,252,184	-	3,252,184	2,811,690	-	2,811,690
<b>Non-current liabilities</b>	3,252,184	776,154	4,028,338	2,811,690	821,200	3,632,890
<b>Total liabilities</b>	10,993,333	822,455	11,815,788	11,913,878	880,807	12,794,685
<b>Equity attributable to Owners of the Parent</b>						
Share capital	5,370,606	-	5,370,606	5,379,437	-	5,379,437
Treasury shares	(63,817)	-	(63,817)	(140,299)	-	(140,299)
Reserves	2,583,929	(88,271)	2,495,658	2,835,225	(100,040)	2,735,185
	7,890,718	(88,271)	7,802,447	8,074,363	(100,040)	7,974,323
Perpetual sukuk	-	-	-	400,000	-	400,000
Non-controlling interest	621,526	(563)	620,963	619,826	(738)	619,088
<b>Total equity</b>	8,512,244	(88,834)	8,423,410	9,094,189	(100,778)	8,993,411
<b>TOTAL LIABILITIES AND EQUITY</b>	19,505,577	733,621	20,239,198	21,008,067	780,029	21,788,096
<b>Net Assets Per Share Attributable To Owners Of The Parent (RM)</b>	<b>1.60</b>		<b>1.59</b>	<b>1.64</b>		<b>1.62</b>

**A2 Report of the Auditors**

The report of the auditors of preceding annual financial statements was not subject to any qualification.

**A3 Seasonal or Cyclical Factors**

The results for the current quarter under review were not materially affected by seasonal or cyclical factors except for the leisure and hospitality segments which normally peaks during major festive seasons and holidays.

**A4 Unusual Items**

There were no material unusual items affecting the amounts reported for the current quarter ended 30 September 2019.

**A5 Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 September 2019.

**A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities**

During the financial period ended 30 September 2019, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 9,518,465 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme; and
- (b) the repurchase of equity securities of 44,104,200 ordinary shares, at an average price of RM1.66 per share.

Save for the above, there was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period under review.

**A7 Dividend Paid**

Dividend payments made since the last financial year end are as follows:

- (a) RM96,878,406 was paid on 18 April 2019 as second interim dividend of 2 sen per ordinary share for the financial year ended 31 December 2018.
- (b) A share dividend distribution of approximately 48.4 million shares was distributed on 18 April 2019 on the basis of 1 treasury share for every 100 existing ordinary shares held.
- (c) RM145,980,202 was paid on 17 October 2019 as first interim dividend of 3 sen per ordinary share for the financial year ended 31 December 2019
- (d) A share dividend distribution of approximately 48.6 million shares was distributed on 17 October 2019 on the basis of 1 treasury share for every 100 existing ordinary shares held.

**A8 Segmental Reporting**

Segmental results for the financial period ended 30 September 2019 are as follows:

	Property Development RM'000	Property Investment Division RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
<b>BY BUSINESS SEGMENTS</b>										
<b>REVENUE AND EXPENSES</b>										
<b>Revenue</b>										
Sales to external customers	327,672	582,528	955,222	727,601	211,696	421,960	2,542	198,060	-	3,427,281
Inter-segment revenue	44,605	172,322	791,907	92,751	18,079	2,956	644,845	60,103	(1,827,568)	-
Total revenue	372,277	754,850	1,747,129	820,352	229,775	424,916	647,387	258,163	(1,827,568)	3,427,281
<b>Results</b>										
Operating segment results	85,595	172,149	116,371	34,019	6,213	45,405	(17,583)	17,061	-	459,230
Finance income	39,210	37,024	17,381	8,157	4,551	17,033	84,474	8,527	-	216,357
Finance costs	(10,233)	(119,359)	(9,924)	(15,275)	(2,038)	(11,981)	(16,086)	(8,778)	-	(193,674)
Share of results of:										
- associated companies	3	137,819	366	-	-	-	-	114	-	138,302
- joint ventures	14,546	19,060	3	-	-	-	-	-	-	33,609
Profit before taxation	129,121	246,693	124,197	26,901	8,726	50,457	50,805	16,924	-	653,824
Taxation	(25,724)	15,402	(18,003)	(1,921)	119	(28)	(2,224)	(4,598)	-	(36,977)
Profit for the period	103,397	262,095	106,194	24,980	8,845	50,429	48,581	12,326	-	616,847
Non controlling interests	(3,373)	(1,444)	(42,504)	(2,707)	(776)	(406)	(3)	687	-	(50,526)
Attributable to owners of the parent	100,024	260,651	63,690	22,273	8,069	50,023	48,578	13,013	-	566,321

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the RM'000
<b>BY GEOGRAPHICAL SEGMENTS</b>				
Malaysia	3,079,090	633,407	597,872	545,456
Singapore	141,605	(3,550)	(3,673)	(1,797)
China	109,640	22,751	21,982	21,795
Australia	22,049	(317)	(584)	(904)
Indonesia	37,692	837	1,026	1,026
Other countries	37,205	696	224	745
	3,427,281	653,824	616,847	566,321

Segmental results by foreign currency for the financial period ended 30 September 2019 are as follows:

**PROPERTY DEVELOPMENT SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	325,413	107,007	81,549	78,496	325,413	107,007	81,549	78,496
Australian Dollar (AUD'000)	-	292	201	90	-	847	583	262
Hong Kong Dollar (HKD'000)	-	903	903	903	-	477	477	477
India Rupee (INR'000)	-	38	38	38	-	2	2	2
China Yuan Renminbi (RMB'000)	3,740	34,793	34,793	34,793	2,259	21,013	21,013	21,013
Singapore Dollar (SGD'000)	-	(73)	(74)	(74)	-	(223)	(225)	(225)
US Dollar (USD'000)	-	-	-	-	-	(2)	(2)	(1)
					327,672	129,121	103,397	100,024

**PROPERTY INVESTMENT DIVISION SEGMENT:**

Malaysia Ringgit (RM'000)	567,376	246,706	262,108	260,760	567,376	246,706	262,108	260,760
Hong Kong Dollar (HKD'000)	-	6	6	6	-	3	3	3
US Dollar (USD'000)	2,412	49	49	26	9,994	203	203	107
Vietnam Dong (VND'000,000)	28,938	(1,229)	(1,229)	(1,229)	5,158	(219)	(219)	(219)
					582,528	246,693	262,095	260,651

**CONSTRUCTION SEGMENT:**

Malaysia Ringgit (RM'000)	850,848	129,667	111,664	66,668	850,848	129,667	111,664	66,668
United Arab Emirates Dirham (AED'000)	-	(106)	(106)	(57)	-	(120)	(120)	(65)
India Rupee (INR'000)	-	(23,426)	(23,426)	(12,768)	-	(1,233)	(1,233)	(672)
Singapore Dollar (SGD'000)	34,352	(1,355)	(1,355)	(738)	104,374	(4,117)	(4,117)	(2,241)
					955,222	124,197	106,194	63,690

**TRADING & MANUFACTURING SEGMENT:**

Malaysia Ringgit (RM'000)	534,032	19,625	18,869	16,485	534,032	19,625	18,869	16,485
Australian Dollar (AUD'000)	7,614	(403)	(403)	(403)	22,049	(1,166)	(1,166)	(1,166)
Indonesia Rupiah (IDR'000,000)	128,788	2,860	3,506	3,506	37,692	837	1,026	1,026
China Yuan Renminbi (RMB'000)	123,439	5,578	4,317	3,782	74,550	3,369	2,607	2,284
Singapore Dollar (SGD'000)	12,252	768	728	728	37,225	2,332	2,211	2,211
Thai Baht (THB'000)	161,574	17,732	14,184	14,184	21,450	2,354	1,883	1,883
Vietnam Dong (VND'000,000)	3,383	(2,525)	(2,525)	(2,525)	603	(450)	(450)	(450)
					727,601	26,901	24,980	22,273

**QUARRY SEGMENT:**

Malaysia Ringgit	211,696	8,563	8,682	7,906	211,696	8,563	8,682	7,906
Trinidad & Tobago Dollar	-	265	265	265	-	163	163	163
	211,696	8,828	8,947	8,171	211,696	8,726	8,845	8,069

**HEALTHCARE SEGMENT:**

Malaysia Ringgit (RM'000)	421,954	51,999	51,971	51,565	421,954	51,999	51,971	51,565
Singapore Dollar (SGD'000)	2	(508)	(508)	(508)	6	(1,542)	(1,542)	(1,542)
					421,960	50,457	50,429	50,023

**INVESTMENT HOLDING SEGMENT:**

Malaysia Ringgit (RM'000)	2,464	50,726	48,509	48,509	2,464	50,726	48,509	48,509
Hong Kong Dollar (HKD'000)	-	1,323	1,309	1,304	-	699	692	689
China Yuan Renminbi (RMB'000)	129	(1,027)	(1,027)	(1,027)	78	(620)	(620)	(620)
					2,542	50,805	48,581	48,578

**OTHERS SEGMENT:**

Malaysia Ringgit (RM'000)	165,307	19,111	14,513	15,061	165,307	19,111	14,513	15,061
China Yuan Renminbi (RMB'000)	54,232	(3,621)	(3,621)	(3,391)	32,753	(2,187)	(2,187)	(2,048)
					198,060	16,924	12,326	13,013

The quarry segment is denominated entirely in Malaysian Ringgit.

Segmental assets and liabilities for the financial period ended 30 September 2019 are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Healthcare	Investment Holdings	Others	Adjustments/ eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>										
Segment assets	5,370,947	3,103,579	1,974,903	960,088	184,832	1,748,195	16,881,483	719,563	(11,726,512)	19,217,078
Investment in associates	-	2,048,978	-	-	-	-	-	57,729	-	2,106,707
Investment in joint ventures	1,368,887	151,981	44,740	-	-	-	-	-	-	1,565,608
Unallocated assets										160,044
Total assets										23,049,437
<b>Liabilities</b>										
Segment liabilities	4,283,167	3,540,831	1,390,613	648,207	151,100	598,175	12,481,495	530,537	(10,875,643)	12,748,482
Unallocated liabilities										168,085
Total liabilities										12,916,567

**A9 Foreign Currency Rates**

The foreign currency exchange rates used are as follows:

Denomination	Closing rate	Average rate
United Arab Emirates Dirham	1.1426	1.1313
Australian Dollar	2.8399	2.8959
Hong Kong Dollar	0.5349	0.5285
Indonesia Rupiah ('000)	0.2960	0.2927
India Rupee	0.0589	0.0526
Macau Pataca	0.5205	0.5139
China Yuan Renminbi	0.5890	0.6039
Singapore Dollar	3.0399	3.0383
Thai Baht	0.1370	0.1328
US Dollar	4.1930	4.1433
Vietnam Dong ('000)	0.1807	0.1782

Income and expenses are translated at the average rate whereas the assets and liabilities are translated at the closing rate.

**A10 Valuation of Property, Plant and Equipment and Investment Properties**

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

**A11 Material events**

There were no material events subsequent to the current quarter ended 30 September 2019, except on 14 November 2019, a legal proceeding was instituted by PNSB Acmar Sdn. Bhd. against Prasarana Malaysia Berhad and Sunway Construction Sdn. Bhd. ("SunCon"), a subsidiary within the Group. SunCon is currently seeking professional advice on the matter and will make further announcement on the developments in due course.

**A12 Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the current quarter ended 30 September 2019.

**A13 Contingent Liabilities and Assets**

Details of contingent liabilities of the Group as at the date of issue of the report are as follows:

	30/09/2019 RM'000	31/12/2018 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>863,259</u>	<u>797,281</u>

There were no other material changes in contingent liabilities since the last annual reporting date.  
There were no contingent assets.

**A14 Commitments**

Capital commitment not provided for in the financial year as at 30 September 2019 is as follows:

	30/09/2019 RM'000	31/12/2018 RM'000
Amount authorised and contracted for	54,773	73,288
Amount authorised but not contracted for	<u>375,782</u>	<u>503,547</u>
	<u>430,554</u>	<u>576,835</u>



B1 **Review of Performance**

Revenue and profit before tax of the respective operating business segments for the current quarter are analysed as follows:

For the quarter

	Quarter ended		Increase/ Decrease (%)
	30/09/2019 RM'000	30/09/2018 RM'000 (Restated)	
<b>Revenue</b>			
Property development	126,232	194,762	-35.2%
Property investment	209,715	209,332	0.2%
Construction	315,581	465,386	-32.2%
Trading and manufacturing	246,225	296,860	-17.1%
Quarry	114,864	56,263	104.2%
Healthcare	154,375	116,882	32.1%
Others	59,502	76,636	-22.4%
	<u>1,226,494</u>	<u>1,416,121</u>	-13.4%
<b>Profit before tax</b>			
Property development	59,006	44,611	32.3%
Property investment	66,968	52,597	27.3%
Construction	33,126	40,199	-17.6%
Trading and manufacturing	13,760	15,502	-11.2%
Quarry	4,866	2,911	67.2%
Healthcare	15,788	15,798	-0.1%
Others	29,803	19,278	54.6%
	<u>223,317</u>	<u>190,896</u>	17.0%

The Group recorded revenue of RM1,226.5 million and profit before tax of RM223.3 million for the current quarter ended 30 September 2019 compared to revenue of RM1,416.1 million and profit before tax of RM191.0 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 13.4% and increase in profit before tax of 17.0%. Revenue was lower in the current quarter due to lower contributions from property development, construction, trading and manufacturing and others segments. Profit before tax was higher mainly due to higher contributions from property development, property investment, quarry and others segments. It should be noted that profit before tax would have been higher by RM25.0 million if not for the adoption of MFRS 15 on one of the Group's Singapore and China property development projects, for which the Group can only recognise the development profits upon completion. The progressive profits which was not recognised for the corresponding quarter of the previous financial year amounted to RM57.1 million.

The property development segment reported revenue of RM126.2 million and profit before tax of RM59.0 million in the current quarter compared to revenue of RM194.8 million and profit before tax of RM44.6 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 35.2% and increase in profit before tax of 32.3%. Revenue was lower due to lower progress billings from local development projects, as well as the completion and handover of a local development project in the corresponding quarter of the previous financial year. However, profit before tax for the current quarter was higher due to higher progressive profit recognition from local development projects. As mentioned above, profit before tax would have been higher by RM25.0 million if not for the adoption of MFRS 15.

The property investment segment reported revenue of RM209.7 million and profit before tax of RM67.0 million in the current quarter compared to revenue of RM209.3 million and profit before tax of RM52.6 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 0.2% and profit before tax of 27.3%. Revenue in the current quarter was largely flat but improved occupancy rates at the Group's hospitality properties were able to partly offset the lower rental income after the disposal of Sunway University assets to Sunway REIT, which was completed on 15 April 2019. However, profit before tax was higher mainly due to higher contribution from the Group's hospitality properties and higher share of profit from Sunway REIT which recorded better performance.

The construction segment recorded revenue of RM315.6 million and profit before tax of RM33.1 million in the current quarter compared to revenue of RM465.4 million and profit before tax of RM40.2 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 32.2% and profit before tax of 17.6%. Revenue in the current quarter was lower mainly due to lower progress billings from local construction projects and higher intra-group eliminations which led to lower contribution from the construction projects to the current quarter profit before tax.

The trading and manufacturing segment recorded revenue of RM246.2 million and profit before tax of RM13.8 million in the current quarter compared to revenue of RM296.9 million and profit before tax of RM15.5 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 17.1% and profit before tax of 11.2%. The financial performance was lower in the current quarter due to lower sales from subdued local and overseas market conditions.

The quarry segment reported revenue of RM114.9 million and profit before tax of RM4.9 million in the current quarter compared to revenue of RM56.3 million and profit before tax of RM2.9 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 104.2% and profit before tax of 67.2%. The financial performance in the current quarter was higher primarily due to higher sales from the completion of acquisition of Blacktop, further boosted by higher average selling price of premix and higher sales volume for both aggregates and premix.

The healthcare segment reported revenue of RM154.4 million and profit before tax of RM15.8 million in the current quarter compared to revenue of RM116.9 million and profit before tax of RM15.8 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 32.1% and a marginal decrease in profit before tax of 0.1%. The revenue in the current quarter was higher primarily due to higher occupancy from increased number of new beds and higher outpatient treatments. The strong performance from the flagship hospital, Sunway Medical Centre was partly offset by the start-up operating losses from the newly opened Sunway Medical Centre Velocity which amounted to RM6.8 million in the current quarter.

The other segments recorded revenue of RM59.5 million and profit before tax of RM29.8 million in the current quarter compared to revenue of RM76.6 million and profit before tax of RM19.3 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 22.4% and increase in profit before tax of 54.6%. Revenue in the current quarter was lower mainly due to lower contribution from the building materials segment. Profit before tax, however, was higher due to higher mark-to-market gains and net interest income contribution from the Group's treasury functions.

#### For 9 months period

	For 9 months period ended		Increase/ Decrease (%)
	30/09/2019 RM'000	30/09/2018 RM'000 (Restated)	
<b>Revenue</b>			
Property development	327,672	415,759	-21.2%
Property investment	582,528	592,170	-1.6%
Construction	955,222	1,358,756	-29.7%
Trading and manufacturing	727,601	861,558	-15.5%
Quarry	211,696	164,167	29.0%
Healthcare	421,960	326,954	29.1%
Others	200,602	238,424	-15.9%
	<u>3,427,281</u>	<u>3,957,788</u>	-13.4%
<b>Profit before tax</b>			
Property development	129,121	122,189	5.7%
Property investment	246,693	214,355	15.1%
Construction	124,197	132,484	-6.3%
Trading and manufacturing	26,901	43,049	-37.5%
Quarry	8,726	10,031	-13.0%
Healthcare	50,457	37,508	34.5%
Others	67,729	33,463	102.4%
	<u>653,824</u>	<u>593,079</u>	10.2%

The Group recorded revenue of RM3,427.3 million and profit before tax of RM653.8 million for the current 9 months period ended 30 September 2019 compared to revenue of RM3,957.8 million and profit before tax of RM593.1 million in the corresponding 9 months period ended 30 September 2018, representing a decrease in revenue of 13.4% and increase in profit before tax of 10.2%. Revenue was lower in the current period due to lower contributions from most business segments except quarry and healthcare. Current period profit before tax was higher, however, mainly due to higher profit contribution from the property development, property investment, healthcare and others segments. Profit contribution from the property development segment was also impacted by the adoption of MFRS 15 on one of the Group's Singapore and China property development projects, as mentioned above. The Group's profit before tax in the current period would have been higher by RM91.3 million if not for the adoption of MFRS 15. The corresponding progressive profits which was not recognised for the 9 months period ended 30 September 2018 amounted to RM85.4 million.

The property development segment reported revenue of RM327.7 million and profit before tax of RM129.1 million for the current 9 months period ended 30 September 2019 compared to revenue of RM415.8 million and profit before tax of RM122.2 million in the corresponding 9 months period ended 30 September 2018, representing a decrease in revenue of 21.2% and increase in profit before tax of 5.7%. The lower revenue for the current period was due to the completion and handover of a local development project in the corresponding period of the previous year. Profit before tax for the current period was higher due to higher progressive profit recognition from local development projects. Further, following the adoption of MFRS 15, the progressive profits from one of the Group's Singapore and China property development projects totalling RM91.3 million in the current period can only be recognised upon completion.

The property investment segment reported revenue of RM582.5 million and profit before tax of RM246.7 million for the current 9 months period ended 30 September 2019 compared to revenue of RM592.2 million and profit before tax of RM214.4 million in the corresponding 9 months period ended 30 September 2018, representing a decrease in revenue of 1.6% and increase in profit before tax of 15.1%. Revenue in the current period was lower mainly due to lower contribution from the Group's hospitality properties and lower rental income after the disposal of Sunway University assets to Sunway REIT, which was completed on 15 April 2019. However, profit before tax in the current period was higher, boosted by disposal gain on Sunway University assets, which offset the lower contributions from the Group's hospitality properties and theme parks in the current period.

The construction segment recorded revenue of RM955.2 million and profit before tax of RM124.2 million for the current 9 months period ended 30 September 2019 compared to revenue of RM1,358.8 million and profit before tax of RM132.5 million in the corresponding 9 months period ended 30 September 2018, representing a decrease in revenue of 29.7% and profit before tax of 6.3%. Revenue was lower in the current period due to lower progress billings from local construction projects and higher intra-group eliminations, which led to lower contribution from the construction projects to the current period profit before tax.

The trading and manufacturing segment recorded revenue of RM727.6 million and profit before tax of RM26.9 million for the current 9 months period ended 30 September 2019 compared to revenue of RM861.6 million and profit before tax of RM43.0 million in the corresponding 9 months period ended 30 September 2018, representing a decrease in revenue of 15.5% and profit before tax of 37.5%. The financial performance was lower in the current period due to lower sales from subdued local and overseas market conditions and lower operating margins.

The quarry segment reported revenue of RM211.7 million and profit before tax of RM8.7 million for the current 9 months period ended 30 September 2019 compared to revenue of RM164.2 million and profit before tax of RM10.0 million in the corresponding 9 months period ended 30 September 2018, representing an increase in revenue of 29.0% and decrease in profit before tax of 13.0%. The revenue in the current period was higher primarily due to higher sales from the completion of acquisition of Blacktop, further boosted by higher average selling price of premix and higher sales volume for aggregates. Profit before tax, however, was lower due to lower operating margins.

The healthcare segment reported revenue of RM422.0 million and profit before tax of RM50.5 million for the current 9 months period ended 30 September 2019 compared to revenue of RM327.0 million and profit before tax of RM37.5 million in the corresponding 9 months period ended 30 September 2018, representing an increase in revenue of 29.1% and profit before tax of 34.5%. The financial performance in the current period was better mainly due to higher occupancy from increased number of new beds and higher outpatient treatments at Sunway Medical Centre, but the strong performance was partly offset by operating losses from the newly opened Sunway Medical Centre Velocity.

The other segments recorded revenue of RM200.6 million and profit before tax of RM67.7 million for the current 9 months period ended 30 September 2019 compared to revenue of RM238.4 million and profit before tax of RM33.5 million in the corresponding 9 months period ended 30 September 2018, representing a decrease in revenue of 15.9% and increase in profit before tax of 102.4%. Revenue in the current period was lower mainly due to lower contribution from the building materials segment. Profit before tax, however, was higher due to higher mark-to-market gains and net interest income contribution from the Group's treasury functions.

## B2 Material Changes in the Quarterly Results

	Quarter ended		Increase/ Decrease (%)
	30/09/2019 RM'000	30/06/2019 RM'000 (Restated)	
<b>Revenue</b>			
Property development	126,232	113,584	11.1%
Property investment	209,715	176,075	19.1%
Construction	315,581	293,455	7.5%
Trading and manufacturing	246,225	230,038	7.0%
Quarry	114,864	52,638	118.2%
Healthcare	154,375	140,817	9.6%
Others	59,502	70,571	-15.7%
	<u>1,226,494</u>	<u>1,077,178</u>	13.9%
<b>Profit before tax</b>			
Property development	59,006	37,282	58.3%
Property investment	66,968	122,325	-45.3%
Construction	33,126	47,400	-30.1%
Trading and manufacturing	13,760	6,569	109.5%
Quarry	4,866	2,117	129.9%
Healthcare	15,788	19,255	-18.0%
Others	29,803	18,293	62.9%
	<u>223,317</u>	<u>253,241</u>	-11.8%

The Group recorded revenue of RM1,226.5 million and profit before tax of RM223.3 million for the current quarter compared to revenue of RM1,077.2 million and profit before tax of RM253.2 million in the preceding quarter, representing an increase in revenue of 13.9% and decrease in profit before tax of 11.8%. Revenue was higher in the current quarter mainly due to higher contributions from most business segments except others segment. However, profit before tax was lower in the current quarter due to lower contributions from property investment, construction and healthcare. The lower current performance in comparison was mainly due to the share of fair value gains from the revaluation of Sunway REIT properties of RM43.6 million and disposal gain on Sunway University assets of RM37.7 million recorded in the preceding quarter. The progressive profits which have to be deferred due to the adoption of MFRS 15 on one of the Group's Singapore and China property development projects amounted to RM25.0 million for the current quarter compared to RM26.8 million for the preceding quarter.

The property development segment reported revenue of RM126.2 million and profit before tax of RM59.0 million for the current quarter compared to revenue of RM113.6 million and profit before tax of RM37.3 million in the preceding quarter, representing an increase in revenue of 11.1% and profit before tax of 58.3%. The financial performance in the current quarter was higher primarily due to higher sales and progress billings from local development projects.

The property investment segment reported revenue of RM209.7 million and profit before tax of RM67.0 million for the current quarter compared to revenue of RM176.1 million and profit before tax of RM122.3 million in the preceding quarter, representing an increase in revenue of 19.1% and decrease in profit before tax of 45.3%. Revenue in the current quarter was higher mainly due to higher contributions from the Group's theme parks and hospitality segment. Profit before tax, however, was lower due to the share of fair value gains from revaluation of Sunway REIT properties of RM43.6 million and the disposal gain on Sunway University assets recorded in the preceding quarter.

The construction segment recorded revenue of RM315.6 million and profit before tax of RM33.1 million for the current quarter compared to revenue of RM293.5 million and profit before tax of RM47.4 million in the preceding quarter, representing an increase in revenue of 7.5% and decrease in profit before tax of 30.1%. Revenue in the current quarter was higher mainly due to higher progress billings from local construction projects and lower intra-group eliminations. However, profit before tax in the current quarter was lower due to lower progressive profit recognition from the local construction projects.

The trading and manufacturing segment recorded revenue of RM246.2 million and profit before tax of RM13.8 million for the current quarter compared to revenue of RM230.0 million and profit before tax of RM6.6 million in the preceding quarter, representing an increase in revenue of 7.0% and profit before tax of 109.5%. The financial performance was higher in the current quarter due to improved market conditions both locally and overseas. Profit before tax was further boosted by a disposal gain on one of its subsidiaries' factory of RM6.3 million.

The quarry segment reported revenue of RM114.9 million and profit before tax of RM4.9 million for the current quarter compared to revenue of RM52.6 million and profit before tax of RM2.1 million in the preceding quarter, representing an increase in revenue of 118.2% and profit before tax of 129.9%. The financial performance in the current quarter was higher mainly due to higher sales from the completion of acquisition of Blacktop, further boosted by higher average selling price of premix and higher sales volume for aggregates and premix.

The healthcare segment reported revenue of RM154.4 million and profit before tax of RM15.8 million for the current quarter compared to revenue of RM140.8 million and profit before tax of RM19.3 million in the preceding quarter, representing an increase in revenue of 9.6% and decrease in profit before tax of 18.0%. The revenue in the current quarter was higher primarily due to higher occupancy rate and higher outpatient treatments. However, profit before tax is lower, partly offset by operating losses from the newly opened Sunway Medical Centre Velocity.

The other segments recorded revenue of RM59.5 million and profit before tax of RM29.8 million for the current quarter compared to revenue of RM70.6 million and profit before tax of RM18.3 million in the preceding quarter, representing a decrease in revenue of 15.7% and increase in profit before tax of 62.9%. Revenue in the current quarter was lower mainly due to lower contribution from the building materials segment. Profit before tax, however, was higher due to higher mark-to-market gains and net interest income contribution from the Group's treasury functions.

### **B3 Prospects**

Based on the recently unveiled 2020 Annual Budget, the Malaysian economy is expected to remain resilient despite the on-going trade tensions between the United States and China and the slowing global economy. The Malaysia GDP is forecast to grow at a rate of 4.8% compared with 4.7% expected in 2019.

While the government is fairly positive on the economic outlook, the Group will continue with its prudent business strategy to ensure sustainable growth amid an uncertain operating environment. Barring any unforeseen circumstances, the Group will continue to perform well for the rest of this financial year.

**B4 Variance of Actual Profit from Profit Forecast**

The Company did not issue any profit forecast or profit guarantee during the current year under review.

**B5 Taxation**

The current taxation does not include the tax payable for the share of profit from associates and share of profit from joint ventures as the share of profit is recognised on an after tax basis.

	Current Quarter Ended 30/09/2019 RM'000	Cumulative Year To Date 30/09/2019 RM'000
Current taxation	(8,297)	(47,558)
Deferred taxation *	(12,761)	10,581
	<u>(21,058)</u>	<u>(36,977)</u>

\* Provision for deferred taxation pertaining to balancing charge was reversed during the second quarter of the financial year ended 2019 due to a disposal of an investment property.

**B6 Profit/(Loss) before Taxation**

The following amounts have been included in arriving at profit/(loss) before taxation:

	Current Quarter Ended 30/09/2019 RM'000	Cumulative Year To Date 30/09/2019 RM'000
Depreciation and amortisation	(57,298)	(174,046)
Net reversal/(provision) of impairment for:		
- Trade receivables	(409)	(2,343)
- Other receivables	(231)	(231)
- Inventories	(657)	(2,034)
- Advances to joint venture	(1,832)	(4,073)
- Property, plant and equipment	(2,768)	(3,893)
- Intangible assets	(199)	(199)
Write off:		
- Trade receivables	(660)	(1,209)
- Inventories	(722)	(840)
- Property, plant and equipment	(1,373)	(1,732)
- Intangible assets	(62)	(62)
Net gain/(loss) on disposal of:		
- property, plant and equipment	7,880	8,707
- non-current asset held for sale	-	37,676
Net foreign exchange gain/(loss):		
- Others	(1,465)	(3,067)
- Unrealised for hedged items	(4,469)	12,145
Cash flow hedge reserve recycled to profit or loss	4,469	(12,145)
Net gain/(loss) on derivatives	3,920	4,041

**B7 Status of Corporate Proposal Announced**

There were no new corporate proposals announced but not completed as at the date of this report, except for the following:

**B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.**

Sunway Subang Sdn. Bhd. ("JVCo"), a wholly-owned subsidiary of Sunway City Sdn. Bhd. ("SunCity"), which in turn is a wholly-owned subsidiary of the Company, had on 19 February 2016, entered into the following Sale and Purchase Agreements ("SPAs") for the acquisition of the undermentioned parcels of leasehold land (60 years tenure) free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax) ("Proposed Property Acquisition"):

B7.1 **Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)**

Vendors	Details of the lands	Purchase Consideration RM'000
Sunway Serene Sdn. Bhd. ("SSSB")	Hakmilik H.S.(D) 182796, PT 7 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 8,523 square metres ("PT 7")	12,500
View2pick Sdn. Bhd. ("V2P")	Hakmilik H.S.(D) 113417, PT 8 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 0.9105 hectares ("PT 8")	9,000
Chen Yew Plastics Sdn. Bhd. ("CYP")	Hakmilik H.S.(M) 6476, PT 2049 in Mukim Sungai Buluh, Daerah Petaling, Negeri Selangor measuring approximately 2 acres together with buildings erected thereon ("PT 2049")	11,225
<b>TOTAL</b>		<b>32,725</b>

PT 7, PT 8 and PT 2049 shall collectively be referred to as "the Lands".

SunCity had on even date, entered into a Shareholders Agreement ("SA") with V2P for the purpose of establishing a joint venture via the JVCo to develop industrial properties on the Lands ("Development") as well as to regulate the relationship between SunCity and V2P with respect to the joint venture ("Proposed Joint Venture").

Salient terms of the SPAs include, inter-alia, the following:

Pursuant to the SPAs, the JVCo would acquire the Lands from SSSB, V2P and CYP free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax).

The SPA for PT 2049 is conditional upon, amongst others, CYP having obtained the State Authority's approval whether unconditionally or subject to conditions acceptable to the JVCo and the discharge of the charge over PT 2049.

The SPAs for PT 7 and PT 8 shall become unconditional when the following conditions have been fulfilled:

- (a) SSSB and CYP having obtained the State Authority's approval, whether unconditionally or subject to conditions acceptable to the JVCo;
- (b) the execution and fulfilment of the conditions precedent set out for PT 7 and PT 8;
- (c) SSSB and V2P having obtained the State Authority's approval in accordance with the relevant provisions of the National Land Code in respect of the application for (i) amalgamation or (ii) surrender and re-alienation of PT 7, PT 8 and PT 2049 into one single issue document of title with a leasehold period of 99 years commencing from the date of issuance of the relevant new issue document of title; and
- (d) V2P having procured the registration of the discharge of the charge created over PT 8.

The completion of the acquisition of PT 7 and PT 8 are inter-conditional with one another while PT 2049 would be acquired independent of the acquisition of PT 7 and PT 8.

Salient terms of the SA include, inter-alia, the following:

- (a) Under the Proposed Joint Venture, SunCity and V2P shall subscribe for the following ordinary shares of RM1 each for cash in the share capital of the JVCo:

Shareholders	Number of shares	Shareholding Ratio
SunCity	79,000	80% *
V2P	20,000	20%

\* Included 1,000 ordinary shares currently held by SunCity in the JVCo.

- (b) SunCity and V2P shall be entitled to nominate and appoint 3 directors and 1 director respectively in the JVCo.
- (c) SunCity shall nominate the Chairman of the Board.

**B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)**

- (d) The JVCo to enter into a management agreement with Sunway Integrated Properties Sdn. Bhd., a wholly-owned subsidiary of SunCity to undertake the tasks stipulated in the SA at a management fee equivalent to 1% of gross development value ("GDV") of the Development.

The SA shall become unconditional when the following conditions have been fulfilled:

- (a) Execution of the SPAs and fulfilment of the conditions precedent of the SPAs in relation to PT 7, PT 8 and PT 2049; and
- (b) Approval of the relevant authorities granted to the JVCo for the amalgamation or surrender and re-alienation of the Lands and the extension of the leasehold period of the Lands to 99 years.

The Proposed Property Acquisition of PT2049 and the Proposed Joint Venture were completed on 29 June 2016 and 24 May 2017 respectively. The remainder of the Proposed Property Acquisition has not been completed as at the date of this report.

**B7.2 Proposed acquisition of residential units by Sunway Avila Sdn. Bhd. (formerly known as Sunglobal Resources Sdn. Bhd.)**

On 25 May 2018, Sunway Avila Sdn. Bhd. (formerly known as Sunglobal Resources Sdn. Bhd.) ("Sunglobal") entered into a Master Sale and Purchase Agreement ("SPA") with Setapak Heights Development Sdn. Bhd. ("Setapak Heights") for the acquisition of 47 completed individual residential units of Residensi Infiniti 3 ("Parcels") developed by Setapak Heights on a leasehold land of 99 years expiring on 24 February 2109 held under Pajakan Negeri 50980 Lot 200649 Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan ("Land") on an "as is where is" basis and free from encumbrances and with vacant possession ("Proposed Acquisition") for a total purchase consideration of RM45,795,860 ("Contract Price").

The Contract Price shall be satisfied by Sunglobal in the following manner:

- (a) A sum of RM4,579,586 ("Initial Payment") paid to Setapak Heights upon execution of the SPA as part payment of the Contract Price;
- (b) Payment of RM20,608,137 shall be paid to Setapak Heights within 12 months from the date of the SPA towards part payment of the Contract Price; and
- (c) Payment of the remaining balance of the Contract Price of RM20,608,137 shall be paid to Setapak Heights within 18 months from the date the SPA.

The SPA is conditional upon the discharge of the assignment of the Parcels in favour of Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad within one month from the date of the SPA or such further period as may be granted by Sunglobal ("Cut-Off Period"). Setapak Heights and Sunglobal shall treat the sale and purchase of the Parcels as being completed on the date this condition is fulfilled notwithstanding that the Contract Price has yet to be paid in full. If the condition is not fulfilled by the expiry of the Cut-Off Period, Setapak Heights is to refund the Initial Payment to Sunglobal and Sunglobal shall have the right to terminate the SPA.

The Proposed Acquisition has not been completed as at the date of this report.

**B7.3 Proposed acquisition of Dolomite Granite Quarry Sdn. Bhd.**

On 3 June 2019, Sunway Holdings Sdn. Bhd. ("SunHoldings"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with Dolomite Industries Company Sdn. Bhd. ("the Vendor"), a subsidiary of Dolomite Corporation Berhad, to acquire 100 ordinary shares in Dolomite Granite Quarry Sdn. Bhd. ("Dolomite Quarry") ("Sale Shares") representing 100% of the total issued and paid-up share capital of Dolomite Quarry together with 4 parcels of leasehold lands measuring approximately 784 acres ("Lands") and the plants and machinery located on the Lands but excluding premix plant and mobile machinery and equipment and stocks located on the Lands as listed in the SSA ("Plant and Machinery"), free from all charges and encumbrances in the following manner ("Proposed Acquisition"):

- a) RM100.00 for the Sale Shares; and
- b) RM125,000,000.00 towards payment for the Lands and the Plant and Machinery.

The Lands are held under the following titles:

- a) Pajakan Negeri 113181, Lot 53066 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- b) Pajakan Negeri 113182, Lot 53068 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- c) Pajakan Negeri 113183, Lot 53065 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor; and
- d) Pajakan Negeri 113184, Lot 53069 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor.

The Proposed Acquisition is conditional upon the fulfilment of the following conditions precedent within 3 months from the date of the SSA or such other date as may be mutually agreed by SunHoldings and the Vendor:-

**B7.3 Proposed acquisition of Dolomite Granite Quarry Sdn. Bhd. (contd.)**

- a) The Vendor having procured the approval of the shareholders of Dolomite Corporation Berhad, its ultimate holding company and Dolomite Quarry, in a general meeting, for the sale of the Sale Shares;
- b) The Vendor having obtained and delivered the following documents to SunHoldings:
  - (i) a written confirmation from Maybank International Labuan Branch ("Maybank Labuan") confirming the redemption sum payable to MayBank Labuan to fully redeem and discharge the Lands ("Redemption Sum"); and
  - (ii) a written undertaking from Maybank Labuan to release its security interest created over the Sale Shares, the Lands as well as the Plant and Machinery subject to payment to Maybank Labuan of the Redemption Sum.
- c) Dolomite Quarry having completed the SPA in accordance with its terms including the transfer and registration of the Lands as well as Plant and Machinery in favour of Dolomite Quarry; and
- d) The Vendor having procured the issuance of new issue documents of title for the Lands with a leasehold tenure of not less than 58 years.

The SSA shall become unconditional on the date when all the conditions precedent have been obtained/fulfilled or waived.

The Proposed Acquisition has not been completed as at the date of this report.

**B7.4 Establishment of private trust in Singapore and proposed acquisition of purpose-built student accommodations**

An establishment of a private trust known as Sunway Residence Trust ("Trust") in Singapore and incorporation of Sunway Residence (Guernsey) Limited ("SRG") and Sunway RE Capital Advisors (UK) Limited ("UK Fund Manager") respectively.

On 30 October 2019, SRG entered into 3 agreements with the following parties to acquire purpose-built student accommodations as stated below ("Proposed Acquisition"):

- (i) Contract for Sale of Freehold Land with Colston Property Developments LLP ("Colston") as vendor and MG Markey Group Limited as guarantor for the acquisition of a freehold property known as The Colston, 8 Colston Avenue, Bristol, BS1 4ST, United Kingdom ("UK") ("Colston Property") at a total purchase consideration of £9,122,300 which is equivalent to approximately RM49.2 million;
- (ii) Contract for Sale of Freehold Land with Marboot Centregate Ltd ("Marboot") as vendor and Henry Boot Developments Limited as guarantor for the acquisition of a freehold property known as Centregate, Colston Avenue, Bristol, BS1 4TR, UK ("Centregate Property") at a total consideration of £9,526,300 which is equivalent to approximately RM51.3 million; and
- (iii) Agreement for Sale with Make Space Redvers Limited ("Make Space") as vendor, Redvers Development Limited as developer as well as Mr Anthony Leonard Harris, Mr Andrew Simon Clarfield, Baby Chicken Limited, Mr Ivor Spiro, Mr Max David Miller, Mr Mark Howard Gershinson, Mr Max William Simon Ashton, Mr Peter David Needleman and Mr Robin Julian Alvarez as guarantors to acquire a freehold property at Redvers House, Union Street, Sheffield S1 2JQ, UK ("Redvers Property") at a total consideration of £18,976,300 which is equivalent to approximately RM102.3 million.

Sunway RE Capital Advisors (SG) Pte Ltd ("SG Fund Manager") and the UK Fund Manager have on even date, entered into a Shareholders' Agreement ("SHA") with Mansion Property Management Limited ("MPML") to regulate the rights of the SG Fund Manager and MPML in relation to the UK Fund Manager which is established solely for the purpose of providing investment advisory and management services to SRG pertaining to investments in purpose-built student accommodation ("Proposed Joint Venture").

The Proposed Acquisition has not been completed as at the date of this report.



B8 **Group Borrowings and Debt Securities**

The Group borrowings as at 30 September 2019 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured borrowings</b>			
<u>Islamic:</u>			
Term loan	377,370	-	377,370
Revolving credits	419,300	-	419,300
	796,670	-	796,670
<u>Conventional:</u>			
Bank overdrafts	99,493	-	99,493
Term loan	770,993	40,961	811,954
Revolving credits	556,503	-	556,503
Bankers' acceptances	12,686	-	12,686
Hire purchase	182	388	570
	1,439,857	41,349	1,481,206
<b>Total secured borrowings</b>	<b>2,236,527</b>	<b>41,349</b>	<b>2,277,876</b>
<b>Unsecured borrowings</b>			
<u>Islamic:</u>			
Medium term notes	1,430,000	1,370,000	2,800,000
Commercial papers	1,695,000	-	1,695,000
	3,125,000	1,370,000	4,495,000
<u>Conventional:</u>			
Term loan	463,000	-	463,000
Revolving credits	559,428	-	559,428
Medium term notes	-	610,000	610,000
Bankers' acceptances	124,674	-	124,674
Commercial papers	610,000	-	610,000
Bills discounting	110,943	-	110,943
	1,868,045	610,000	2,478,045
<b>Total unsecured borrowings</b>	<b>4,993,045</b>	<b>1,980,000</b>	<b>6,973,045</b>
<b>Total borrowings</b>	<b>7,229,572</b>	<b>2,021,349</b>	<b>9,250,921</b>
Islamic borrowings	3,921,670	1,370,000	5,291,670
Conventional borrowings	3,307,902	651,349	3,959,251
<b>Total borrowings</b>	<b>7,229,572</b>	<b>2,021,349</b>	<b>9,250,921</b>

B8 **Group Borrowings and Debt Securities (contd.)**

Included in the Group borrowings as at 30 September 2019 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
US Dollar (USD'000) *					
- Term loan	220,000	-	922,460	-	922,460
- Revolving credits	255,000	-	1,069,215	-	1,069,215
Singapore Dollar (SGD'000) #					
- Term loan	25,000	13,474	75,998	40,960	116,958
- Revolving credits	71,500	-	217,353	-	217,353
Indonesian Rupiah (RP'000) **					
- Term loan	9,581,000	-	2,836	-	2,836
- Bills discounting	15,403,982	-	4,560	-	4,560
Australia Dollar (AUD'000) *					
- Revolving credits	88,578	-	251,553	-	251,553
- Bankers' acceptance	720	-	2,045	-	
			2,546,020	40,960	2,584,935

The Group borrowings as at 30 September 2018 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured borrowings</b>			
<u>Islamic:</u>			
Term loan	767,565	-	767,565
Revolving credits	414,900	-	414,900
	1,182,465	-	1,182,465
<u>Conventional:</u>			
Bank overdrafts	144,771	-	144,771
Term loan	1,006,976	457,114	1,464,090
Revolving credits	459,923	-	459,923
Medium term notes	-	480,000	480,000
Bankers' acceptances	2,611	-	2,611
Hire purchase	397	466	863
	1,614,678	937,580	2,552,258
<b>Total secured borrowings</b>	<b>2,797,143</b>	<b>937,580</b>	<b>3,734,723</b>
<b>Unsecured borrowings</b>			
<u>Islamic:</u>			
Medium term notes	-	1,480,000	1,480,000
Commercial papers	1,240,000	-	1,240,000
	1,240,000	1,480,000	2,720,000
<u>Conventional:</u>			
Term loan	168,598	-	168,598
Revolving credits	336,894	-	336,894
Medium term notes	-	610,000	610,000
Bankers' acceptances	173,209	-	173,209
Commercial papers	1,166,000	-	1,166,000
Bills discounting	125,944	-	125,944
	1,970,645	610,000	2,580,645
<b>Total unsecured borrowings</b>	<b>3,210,645</b>	<b>2,090,000</b>	<b>5,300,645</b>
<b>Total borrowings</b>	<b>6,007,788</b>	<b>3,027,580</b>	<b>9,035,368</b>
Islamic borrowings	2,422,465	1,480,000	3,902,465
Conventional borrowings	3,585,323	1,547,580	5,132,903
<b>Total borrowings</b>	<b>6,007,788</b>	<b>3,027,580</b>	<b>9,035,368</b>

**B8 Group Borrowings and Debt Securities (contd.)**

Included in the Group borrowings as at 30 September 2018 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
US Dollar (USD'000) *					
- Term loan	460,147	100,000	1,909,150	414,900	2,324,050
- Revolving credits	241,000	-	999,909	-	999,909
Singapore Dollar (SGD'000) #					
- Term loan	90,000	-	273,501	-	273,501
Indonesian Rupiah (RP'000) **					
- Term loan	2,540,888	-	706	-	706
Chinese Remimbi (RMB'000) **					
- Term loan	8,000	-	4,821	-	4,821
Australia Dollar (AUD'000) **					
- Term loan	90,848	-	272,108	-	272,108
			3,460,195	414,900	3,875,095

**Notes:**

\* Borrowings in which cross currency swap contracts have been entered into.

\*\* Borrowings obtained by overseas subsidiaries.

# Borrowings partially obtained by overseas subsidiaries. Those obtained by local subsidiaries have entered into cross currency swap contracts.

Overall, the total borrowing of the Group has increased by RM0.22 billion, from RM9.03 billion as at 30 September 2018 to RM9.25 billion as at 30 September 2019.

The increase in Group's borrowing is mainly to fund the development cost of its on-going projects in Sunway Velocity, Sunway Iskandar, Sunway Serene and Sunway Geolake Residences, expansion cost in the healthcare segment and landbank acquisition.

The weighted average interest rate of borrowings as at 30 September 2019 is 3.89%. 61% of the Group's total borrowing are fixed rate instruments, whereas 39% are floating rate instruments.

Out of the total borrowings of RM9.25 billion, RM2.58 billion (Current: RM2.55 billion ; Non-current: RM0.04 billion) are denominated in foreign currencies. The group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into for minimising the interest cost. The average exchange rate entered for USD borrowings is 4.154 and AUD borrowings is 2.863.

**B9 Derivative Financial Instruments**

The Group's outstanding derivatives as at 30 September 2019 were as follows:

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000	Cash Flow Hedge Reserve RM'000
<b>Foreign currency forward contracts</b>				
- Less than 1 year	32,889	(725)	449	-
- 1 year to 3 years	2,211	(15)	21	-
<b>Cross currency swap contracts #</b>				
- Less than 1 year	1,168,960	1,661	3,571	(1,923)
<b>Total derivatives</b>		921	4,041	(1,923)

# Include contracts which have not been drawn down during the period.

**Foreign currency forward contracts**

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a results of transactions denominated in currencies other than its functional currency, arising from normal business activities. These are done in accordance with the Group's foreign currency hedging policy and are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

**B9 Derivative Financial Instruments (contd.)**

The derivatives arising from the foreign currency forward contracts are stated at fair value, using the prevailing market rates. Derivatives with positive market values are included under current assets and derivatives with negative market values are included under current liabilities. Any changes in fair value of derivatives during the period are taken directly to the income statement.

**Cross currency swap contracts**

The Group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered to minimise the interest cost. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

Cash flow hedge accounting could not be applied where the hedge instruments were entered into prior to the loan drawdown. Changes in fair value of these hedge instruments are therefore recognised in the income statement.

**B10 Ageing Analysis of Trade Receivables**

The aging analysis of the Group's trade receivables are as follows:

	30/09/2019 RM'000	31/12/2018 RM'000
Current	973,208	1,092,389
1 to 30 days past due	313,901	153,139
31 to 60 days past due	76,591	104,044
61 to 90 days past due	77,268	84,770
91 to 120 days past due	25,350	48,634
More than 120 days past due	184,840	184,010
	<u>677,950</u>	<u>574,597</u>
Gross trade receivables	1,651,158	1,666,986
Impaired	(80,027)	(88,624)
Total trade receivables	1,571,131	1,578,362
Other receivables	493,131	311,948
Amounts due from associates	35,041	45,577
Amounts due from joint ventures	2,246,913	1,927,287
Total receivables	<u>4,346,216</u>	<u>3,863,174</u>
Non-current receivables	2,312,225	1,916,715
Current receivables	2,033,991	1,946,459
Total receivables	<u>4,346,216</u>	<u>3,863,174</u>

**B11 Changes in Material Litigation**

Except for the following claims, there was no pending material litigation.

On 4 September 2008, the solicitors of Sunway Construction Sdn. Bhd. ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant"). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed the late Mr H.L. Agarwal as the sole arbitrator. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs89,14,55,047.83 (approximately equivalent to RM53 million).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs78,13,94,628.61 (approximately equivalent to RM41 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

**B11 Changes in Material Litigation (contd.)**

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition has been filed by Shristi on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator in place of the late Justice H.L Agrawal (Retd.) for adjudication of the disputes and differences between the Parties. The first hearing before Mr Justice Vikramajit Sen was held on 24 February 2017.

The proceedings had advanced for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument was heard on 12, 13 and 14 April 2018. The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs. 12,84,41,929.37 (approximately equivalent to RM7.6 million). SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award. The hearing fixed on 31 October 2019 is postponed to 10 February 2020.

**B12 Dividend**

Other than the dividend paid as disclosed in note A7, no dividend has been proposed by the Board of Directors for the financial period ended 30 September 2019.

**B13 Earnings per share**

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the period.

	Current Quarter Ended 30/09/2019 RM'000	Cumulative Year To Date 30/09/2019 RM'000
<b><u>Basic/Diluted earnings per share</u></b>		
Profit attributable to members of the Company	183,418	566,321
Distribution to holders of perpetual sukuk	(16,509)	(37,978)
Net earnings for the period	166,909	528,343
Weighted Average Number of Ordinary Shares	4,872,029	4,847,322
Earnings per share (Basic/Diluted) (sen)	3.43	10.90

**By Order of the Board**

**Tan Kim Aun  
Chin Lee Chin**

**Secretaries**